



July 25, 2019

Consolidated Financial Results for the First Quarter of Fiscal Year 2019

Company name: DISCO Corporation
 Stock code number: 6146 (Tokyo Stock Exchange 1st Section)
 URL: <http://www.disco.co.jp>
 Telephone number: 81-3-4590-1099

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Consolidated Results of FY2019 1Q(April 1, 2019 through June 30, 2019)

1) Operating results (Accumulated)

| | Three months ended | | |
|----------------------------|--------------------|---------------|--------|
| | June 30, 2018 | June 30, 2019 | YoY(%) |
| Net sales | 40,353 | 32,760 | — |
| Operating income | 11,441 | 7,124 | — |
| Ordinary income | 11,337 | 8,085 | — |
| Net income | 8,318 | 5,748 | — |
| Net income per share (yen) | 231.56 | 160.00 | — |

Note: Due to the change in accounting policy, starting from FY2019, the timing of revenue recognition has been changed to Inspection Basis. Therefore, the percentage changes are not shown.

2) Financial position

| | As of March 31, 2019 | As of June 30, 2019 |
|------------------|-------------------------|------------------------|
| Total assets | 258,180 | 251,515 |
| Net assets | 220,109 | 208,632 |
| Equity ratio (%) | 84.8% | 82.4% |

(Reference) Equity (defined as shareholders' equity plus valuation and translation adjustments) :

207,361 million yen (as of June 30, 2019)
 218,852 million yen (as of March 31, 2019)

2. Dividends

| | Fiscal Year 2018 | Fiscal Year 2019 Actual | Fiscal Year 2019 Forecast |
|-----------------------------------|------------------|----------------------------|------------------------------|
| 1Q-end dividend per share (yen) | — | — | — |
| 2Q-end dividend per share (yen) | 114.00 | — | 80.00 |
| 3Q-end dividend per share (yen) | — | — | — |
| Year-end dividend per share (yen) | 208.00 | — | — |
| Annual dividend per share (yen) | 322.00 | — | — |

Note: Revision of dividends forecast for during this period: Yes

3. Earnings Forecasts of FY2019 1H

| (Millions of yen) | | |
|----------------------------|---------------------------------------|---------|
| | Six month ending September 30,2019 | YoY (%) |
| Net sales | 68,500 | — |
| Operating income | 15,000 | — |
| Ordinary income | 16,100 | — |
| Net income | 11,400 | — |
| Net income per share (yen) | 317.31 | — |
| Shipment figures | 62,100 | — |

Note: Revision of earnings forecast for during this period: Yes

4. Others

- 1) Important changes in subsidiaries: None
- 2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.
 1. Changes in accounting policies along with changes in accounting standards: None
 2. Other changes: Yes
- 3) Number of shares outstanding (common stock)
 - ① Number of shares issued (include treasury stocks)

| | |
|-----------------------|-------------------|
| As of June 30, 2019: | 35,931,471 shares |
| As of March 31, 2019: | 35,931,071 shares |
 - ② Number of shares of treasury stock

| | |
|-----------------------|--------------|
| As of June 30, 2019: | 4,823 shares |
| As of March 31, 2019: | 4,823 shares |
 - ③ Average number of shares

| | |
|----------------------|-------------------|
| As of June 30, 2019: | 35,926,431 shares |
| As of June 30, 2018: | 35,922,849 shares |

Explanations on the appropriate use of earnings forecasts:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially from the projections in the Financial Review.

(Reference) Non-consolidated Earnings Forecasts of FY2019 1H

| (Millions of yen) | | |
|----------------------------|---------------------------------------|---------|
| | Six month ending September 30,2019 | YoY (%) |
| Net sales | 57,600 | — |
| Operating income | 11,600 | — |
| Ordinary income | 16,100 | — |
| Net income | 12,300 | — |
| Net income per share (yen) | 342.36 | — |

Note: Revision of earnings forecast for during this period: Yes

(Reference) Consolidated Orders/Shipment for the First Quarter of Fiscal Year 2019

| (Millions of yen) | | |
|--|----------|-----------------|
| 1) Orders | Orders | Order Backlog |
| First Quarter of Fiscal Year 2019 (Three month ending June 30,2019) | 29,277 | 34,797 |
| (Millions of yen) | | |
| 2) Shipment | Shipment | Order Backlog * |
| First Quarter of Fiscal Year 2019 (Three month ending June 30,2019) | 32,155 | 11,565 |

* Shipped amount excluded

5. Consolidated quarterly balance sheets

(Millions of yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|---------------------------------------|-------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 91,380 | 89,883 |
| Notes and accounts receivable - trade | 34,900 | 21,001 |
| Merchandise and finished goods | 6,940 | 16,641 |
| Work in process | 12,585 | 11,612 |
| Raw materials and supplies | 19,066 | 18,923 |
| Other | 4,979 | 2,427 |
| Allowance for doubtful accounts | (57) | (45) |
| Total current assets | <u>169,795</u> | <u>160,443</u> |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 45,584 | 48,034 |
| Other, net | 31,284 | 29,983 |
| Total property, plant and equipment | <u>76,868</u> | <u>78,018</u> |
| Intangible assets | 400 | 350 |
| Investments and other assets | | |
| Other | 11,133 | 12,721 |
| Allowance for doubtful accounts | (17) | (17) |
| Total investments and other assets | <u>11,116</u> | <u>12,704</u> |
| Total non-current assets | <u>88,384</u> | <u>91,072</u> |
| Total assets | <u>258,180</u> | <u>251,515</u> |

| | (Millions of yen) | |
|---|-------------------------|------------------------|
| | As of March 31, 2019 | As of June 30, 2019 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,368 | 2,318 |
| Electronically recorded obligations - operating | 13,178 | 11,790 |
| Income taxes payable | 1,782 | 731 |
| Provision for bonuses | 7,790 | 6,087 |
| Other provisions | 630 | 494 |
| Other | 10,865 | 21,081 |
| Total current liabilities | <u>37,616</u> | <u>42,503</u> |
| Non-current liabilities | 454 | 380 |
| Total liabilities | <u>38,071</u> | <u>42,883</u> |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 20,663 | 20,664 |
| Capital surplus | 22,651 | 22,652 |
| Retained earnings | 173,739 | 162,603 |
| Treasury shares | (25) | (25) |
| Total shareholders' equity | <u>217,029</u> | <u>205,895</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 476 | 615 |
| Foreign currency translation adjustment | 1,320 | 825 |
| Remeasurements of defined benefit plans | 26 | 26 |
| Total accumulated other comprehensive income | <u>1,823</u> | <u>1,466</u> |
| Share acquisition rights | 1,108 | 1,168 |
| Non-controlling interests | 148 | 101 |
| Total net assets | <u>220,109</u> | <u>208,632</u> |
| Total liabilities and net assets | <u>258,180</u> | <u>251,515</u> |

6. Consolidated quarterly statements of (comprehensive) income

| | (Millions of yen) | |
|---|------------------------------------|------------------------------------|
| | Three months ended 30-Jun-18 | Three months ended 30-Jun-19 |
| Net sales | 40,353 | 32,760 |
| Cost of sales | 17,083 | 13,792 |
| Gross profit | 23,269 | 18,967 |
| Selling, general and administrative expenses | 11,828 | 11,842 |
| Operating profit | 11,441 | 7,124 |
| Non-operating income | | |
| Interest income | 15 | 16 |
| Share of profit of entities accounted for using equity method | 96 | 223 |
| Foreign exchange gains | - | 480 |
| Rental income | 17 | 18 |
| Subsidy income | - | 176 |
| Other | 65 | 73 |
| Total non-operating income | 195 | 989 |
| Non-operating expenses | | |
| Sales discounts | 12 | 15 |
| Foreign exchange losses | 280 | - |
| Depreciation | 2 | 8 |
| Other | 4 | 4 |
| Total non-operating expenses | 299 | 28 |
| Ordinary profit | 11,337 | 8,085 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 13 | 0 |
| Total extraordinary income | 13 | 0 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 3 | 23 |
| Loss on valuation of investment securities | 0 | - |
| Extra retirement payments | 14 | 20 |
| Demolition cost | - | 137 |
| Total extraordinary losses | 18 | 181 |
| Profit before income taxes | 11,332 | 7,904 |
| Income taxes - current | 2,185 | 203 |
| Income taxes - deferred | 807 | 1,943 |
| Total income taxes | 2,993 | 2,147 |
| Profit | 8,338 | 5,756 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 8,318 | 5,748 |
| Profit attributable to non-controlling interests | 20 | 8 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | 111 | (592) |
| Remeasurements of defined benefit plans, net of tax | 4 | 0 |
| Share of other comprehensive income of entities accounted for using equity method | (592) | 105 |
| Total other comprehensive income | (475) | (487) |
| Comprehensive income | 7,862 | 5,268 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,843 | 5,268 |
| Comprehensive income attributable to non-controlling interests | 19 | 0 |